

FISCAL NOTE

SB 3658 - HB 3696

March 28, 2006

SUMMARY OF BILL: Requires the Commissioner of the Department of Transportation (TDOT) to reimburse any utility for all remaining costs presently owed by such utility with regard to any relocation of water lines when such utility is (1) chartered as a not-for-profit corporation or is owned by a unit of local government, (2) has fewer than 500 customers, (3) filed for bankruptcy on or after July 1, 1991, and (4) is obligated for costs arising on or after May 28, 1997 from the relocation of water lines in conjunction with a highway project.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$70,000 One-Time / Highway Fund

Other Fiscal Impact – Currently, 275 utilities are either not-for-profit entities or a unit of local government *and* have less than 500 customers. If any of these utility companies file for bankruptcy *and* incurs costs for the relocation of water lines in the future, the state would be obligated to pay such utility company for the costs. For every one utility that meets this criteria in the future, state expenditures would increase by an amount estimated to exceed \$100,000. Such expenditures would be paid from the Highway Fund.

Assumptions:

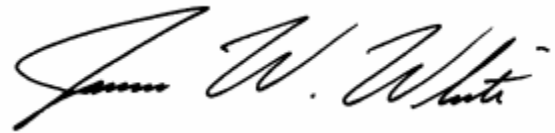
- According to TDOT, only one utility district currently meets the specified criteria of this bill: *Sale Creek Utility District* in Hamilton County.
- This utility incurred costs of approximately \$70,000 for the relocation of water lines.
- Other utility districts could become eligible for reimbursements under this bill.
- TDOT estimates the cost of relocating water lines to exceed \$100,000 per project.
- Currently, there are 1,100 active public water systems.
- Of the 1,100, 550 have less than 500 customers.
- Of the 550, 275 are not-for-profit entities or part of a local government.

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- Any of the remaining 275 could request reimbursements in the future if they file for bankruptcy *and* incur costs for the relocation of water lines.
- This act will take effect July 1, 2006.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director